

COUNTY OF KAUAI
Open Session Minutes of Meeting

Board/Committee:		Cost Control Commission		Meeting Date	January 9, 2017
Location	Mo`ikeha Building – Meeting Room 2A/B			Start of Meeting: 1:30 p.m.	End of Meeting: 2:37 p.m.
Present	Chair Joanne Nakashima; Vice-Chair James Whitfield; Commissioners: Jan Hashizume, Tyler Rodighiero and Tricia Lynn Yamashita. Also present: Board & Commissions Office Staff: Support Clerk Mercedes Omo; Administrator Jay Furfaro; Office of the County Attorney: First Deputy County Attorney Matthew Bracken; Parks and Recreation Director Leonard Rapozo and Director of Finance Ken Shimonishi				
Excused	Commissioner Laurie Yoshida				
Unexcused					
SUBJECT	DISCUSSION				ACTION
Call To Order	Prior to the meeting being called to order, Administrative Assistant to the County Clerk Eddie Topenio, gave the oath of office to Commissioners Jan Hashizume and Joanne Nakashima whose 2 nd terms end on 12/31/2019.				Chair Nakashima called the meeting to order at 1:30 p.m. with five (5) members present constituting a quorum.
Election of new Chair and Vice Chair	Chair Nakashima nominated Vice Chair Whitfield to the position of Chair for 2017. Hearing no other nominations, the nominations were closed and Vice Chair Whitfield accepted the nomination. Chair-elect Whitfield opened the floor for nominations for the position of Vice Chair. Ms. Hashizume nominated Mr. Rodighiero to the position of Vice Chair. Hearing no other nominations. Mr. Rodighiero accepted the nomination. Hearing no other nominations for the position of Vice Chair, the nominations were closed.				By a unanimous vote of 5:0, Mr. James Whitfield was elected as the new Chair for 2017. By a unanimous vote of 5:0, Mr. Rodighiero was elected as the new Vice Chair for 2017.
Approval of the Meeting Minutes	Regular Open Session Minutes of November 14, 2016. Chair-elect Whitfield called for a motion to either approve or amend the meeting minutes.				Ms. Nakashima moved to approve the minutes of November 14, 2016 as circulated. Mr. Rodighiero seconded the motion.

SUBJECT	DISCUSSION	ACTION
		The motion carried 5:0.
CCC 2017-01	<p><u>Communication dated September 27, 2016 from Chair Joanne Nakashima to Parks and Recreation Director Leonard Rapozo, requesting his presence to discuss, but not limited to forecasting the net cost associated with facility rental, less all and any direct cost related to its occupancies. (Deferred on October 10, 2016)</u></p> <p>Parks and Recreation Director Leonard Rapozo, briefly reviewed each attachment in the information packet, then answered questions. In response to Chair Whitfield question about who takes care of the cost associated with the Wailua golf course facility. Mr. Rapozo replied that the vendors who are renting space at the golf course are responsible for all of the costs associated with their operation.</p> <p>In response to Vice Chair elect Rodighiero question about who rents out the neighborhood centers, Mr. Rapozo replied that the neighborhood centers are rented out to private individuals and organizations.</p> <p>Chair-elect Whitfield stated asked if the remaining balance of \$23,000 from the original recreational budget of \$28,000 closes out the year. Mr. Rapozo explained that the \$28,000 is an estimate of revenues and expenses for the recreational account. The \$23,000 reflects the actuals of how much the account would actually generate or much money the account will pay out in expenditures at a given point in time during that particular fiscal year. He further explained that the operational expenses for the neighborhood centers is such that the expenses over revenues will always reflect a negative amount. As for the rental income, it will never be enough to cover the cost because the fees may be become outdated and the amount of manpower it takes to run the various County programs may fluctuate on daily basis.</p> <p>Vice Chair-elect Whitfield asked if the social services programs the County provides are paid for by the taxpayers and if all of the programs are held at the neighborhood centers.</p>	

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	<p>Mr. Rapozo replied to clarify, the Parks Department provides a lot more community oriented programs than social services programs. Administrator Furfaro added that the neighborhood centers and the Wailua golf course are considered cost centers and not for profit centers because they add value to the community by providing a place where the public can come and hold social activities, family luaus and so forth.</p> <p>Ms. Yamashita asked if the fees related to the summer fun program as well as the elderly activities are reflected in the \$28,000 budget to which Mr. Rapozo replied the County does not charge a fee for any senior related activities because it's part of the recreational program. In regard to the summer fun program, the fees that are collected is used to pay for childcare services for the summer and winter sessions, but it does not account for what the County pays for in labor to hire summer fun aides and coordinators to run the programs.</p> <p>Vice Chair elect Rodighiero asked what type of advertising does the Parks Department do to get people to use the facilities to which Mr. Rapozo replied the Parks Department does a lot of creative advertising to attract both the youth and elderly to participate in the County's recreational and senior programs.</p> <p>Vice Chair elect Rodighiero asked what the purpose of having a general airfare account to which Mr. Rapozo replied general airfare account is used to send representatives from the Parks Department to the National and State Recreational Conference where they will learn about the latest recreational trends. Vice Chair elect Rodighiero asked what does the \$106,000 for other supplies account for and why was only \$64.00 spent. Mr. Rapozo stated when the report he is referring to came out in October of last year amount but since then the amount has decreased considerably because the money have already been utilized to cover the maintenance cost for the County's pool pumps as well as the supplies associated with the County's youth and senior programs.</p> <p>Ms. Hashizume asked if any significant changes are going to be made to the 2017 budget to which Mr. Rapozo replied no, everything would remain status quo, noting since 2008, this is the first time, the Parks Department was afforded to submit a budget using the previous year's budget.</p>	

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	<p>Vice Chair elect Rodighiero asked if there are any areas within the budget where he could see potential savings to which Mr. Rapozo replied the Parks Department's budget is already down to bear minimum and since Mr. Shimonishi became the County's Finance Director, the departments now have to submit actuals which in essence cut out all of the excess. He shared he's been in government for almost 29 years and the one thing he has learned is not to touch the unexpended salaries and to keep it separate from the operational costs. Mr. Rapozo stated relative to what the Council had said about the Administration having to give back millions of dollars (which may be true for parks) if you look at the proportion of those monies you will find that 80 to 90 percent are all salary related. He added the unexpended salaries are attributed to the vacancies which occurs when someone retires but in order to fill that vacancy it needs to go to the Vacancy Review Committee for consideration, and if the position is approved, you have to post the opening and when a person is found he or she needs to undergo testing. In other words, the whole process can take anywhere from 3 months or longer, and in the meantime, the salaries are funneled back into the general fund.</p> <p>Ms. Yamashita asked how the funds for the consulting services are being utilized to which Mr. Rapozo replied the funds are used to pay for the officials to officiate the County's youth basketball games as well as the consultants to oversee the County's community oriented educational programs. Ms. Yamashita stated from what she understands some of the positions are made up primarily of volunteers and the other positions are a paid a nominal fee, asking are the paid positions reflected in the budget to which Mr. Rapozo replied yes, they come under seasonal workers.</p> <p>Vice Chair elect Rodighiero asked if the Convention Hall has a cost savings energy plan to reduce the use of electricity to which Mr. Rapozo replied, as part of a cost saving measure, the Parks Department tried to institute a policy in that anytime an organization (particularly a high school) wants to use the auditorium to hold practices for an upcoming school event, rather than turn on the chillers, they are asked to keep the auditorium doors open but if auditorium gets to hot they will come in to turn one of the chillers.</p>	

SUBJECT	DISCUSSION	ACTION
	With no further questions, The Commissioners thanked Mr. Rapozo for preparing the information and for taking the time out of his busy schedule to come to the meeting.	
CCC 2017-02	<p><u>Discussion on a packet of information relating to the County's General Fund expenditures & encumbrances for FY 2013 to FY 2016.</u></p> <p>Finance Director Ken Shimonishi gave a Powerpoint presentation on the County's Transparency OpenGov Portal website. The users of the website can view financial data on the current budget and can also manipulate the data and drill down to finite details or scale up to the bigger picture. In addition, the users of the website can download the data as an Excel spreadsheet to use at home. The website is considered a financial transparency tool that provides annual and current year reporting of the County's revenues and expenses and is designed to help the user understand how the County spends and receives money. The only information that is not available on the website (but may be become available in the future) is the County's actual transaction data and or a list of the check registers.</p> <p>Vice Chair elect Rodighiero asked how much does the program cost to which Mr. Shimonishi replied there's an annual subscription cost of \$10,500 per year. Vice Chair elect Rodighiero asked if he plans on going deeper in terms of providing data on the actual transactions to which Mr. Shimonishi replied he wants to get there, but part of the concern is whether or not they would be disclosing personal information in case there is an issue with the check.</p> <p>Ms. Yamashita asked in terms of the utilizing the program is it fair for her to assume that he's press for time in that he has to make sure that the internal software has all of the current data before its uploaded onto the external software.</p> <p>Mr. Shimonishi stated as long the cash receipts and the payroll numbers for each month are posted internally, he can upload the preliminary information onto the website and when the numbers are finalized, he can go back and update the website with the final numbers.</p>	

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	<p>Vice Chair elect Rodighiero asked if its cumbersome work to which Mr. Shimonishi replied it is cumbersome but he's working with the IT division on developing a program that would convert the data into a readable product instead of him having to convert the data before it can be uploaded to the County's website.</p> <p>Ms. Hashizume asked relative to Mr. Rapozo's comment that there will be no changes to the Parks 2016 budget, does that apply to all of the departments as well to which Mr. Shimonishi replied each department has to submit a budget no greater than the previous years approved. The only exception is if their budget is effected by the collective bargaining.</p> <p>Administrator Furfaro added that when the budget instructions comes out it would be nice to get those assumptions in front of the Commissioners so that they can see for themselves what those instructions are.</p> <p>Ms. Hashizume asked if he considers the budget a deficit budget to which Mr. Shimonishi replied by Charter they are required to submit a balance budget, but there's a difference between a balance budget and structurally balance budget. He explained one of the things that he has learned since becoming the Finance Director is that there was a practice of using the previous fund balance to budget revenues and expenditures and if there was a different you could augment the revenues with the previous years accumulated fund balance or equity balance which would be considered a balance budget because you revenues and your sources would equal what you would try to expend. But if it's not watched properly it can end up as a deficit budget. He stated last year, they were able to balance the budget without using any of the fund balance for the general fund compared to the prior year where they had to use about \$126,000 which is virtually nothing compared to the \$125 million budget.</p> <p>Vice Chair elect Rodighiero said there seems to an increases every year, asking if it's because more taxes are being paid to the County to which Mr. Shimonishi replied he thinks what drives the increase is the fact that 80% is related to staffing cost and the County's relationship with the bargaining agreements which may not be approved or wanted by the County, but approved at the state level.</p>	

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	<p>Administrator Furfaro explained that when it comes to negotiations, there are a total of 8 votes of which the governor has four (4) votes and each of the counties have one vote each, but if one county goes along with the governor, then it's a done deal. The fiscal challenges the Kaua'i County had to face during the last 4 years was based on the fact that the counties used to get about \$24 million of its share of the transient accommodation tax. But since then, the legislature placed a cap on the counties share of the TAT. This year, the counties will only receive \$16 million and come next year, the County may only receive \$13.5 million of its share of the TAT.</p> <p>Mr. Shimonishi noted based on the current legislation the counties share of the TAT is expected to decrease.</p> <p>Vice Chair elect Rodighireo asked what has the County done so far to increase its revenue intake to which Mr. Shimonishi replied one of the things he did when he first started was provide each department with an actual line by line worksheet to historically how much each department was spending each year. Prior to the worksheet, the departments were using their current budget to produce their next budget but since he provided them a visual account of their spending habits, the departments were able to cut off the excess and adjust their budget accordingly by using the actuals versus estimates. In regard to the vacant positions, when it comes to budgeting, the question posed is whether or not that particular position needs to be filled for an entire year or for a half a year. If the department cannot justify at the time why they need the position, the department has to dollar fund the position as a line item in their budget.</p> <p>With no further questions or comments, Chair elect Whitfield thanked Mr. Shimonishi and his staff for a remarkable product, noting that the money for the website is not money wasted because it's a great tool the public can use to help them understand how the County spends taxpayer's money and receives money.</p> <p>At 2:32 p.m. Mr. Shimonishi ended his presentation.</p>	

SUBJECT	DISCUSSION	ACTION
CCC 2017-03	<p><u>Approval of the 2017 Cost Control Commission Meeting Schedule.</u></p> <p>Chair elect Whitfield noted the Commissions quarterly meetings are highlighted in yellow and the dates that are not highlighted are the dates the Commission could meet if it needs to. With no further comments, Chair elect Whitfield called for a motion to approve the meeting schedule.</p>	<p>Ms. Yamashita moved to approve the 2017 Meeting Schedule. Vice Chair elect Rodighiero seconded the motion. The motion carried 5:0</p>
CCC 2017-05	<p><u>Discussion on other possible areas to investigate to reduce the cost of county government while maintaining a reasonable level of public service in accordance to Section 28.04 of the Kaua‘i County Charter Article XXVIII Cost Control Commission.</u></p> <p>Chair elect Whitfield asked if anyone would like to initiate a conversation to follow up on some of the things the Commissioners have been asking about. Administrator Furfaro stated perhaps the Commission might want to consider asking the Engineering Department to come and talk about the County’s road resurfacing program. The Department has a 1.7 million dollar budget per year which is tied in to the fees the County receives from gasoline usage. Chair elect Whitfield agreed and asked Administrator Furfaro if he could make the arrangements for someone from the Engineering Department to be present at the next meeting.</p>	
Announcement	<p>Chair-elect Whitfield announced that the next meeting is scheduled for Monday, March 13, 2017 at 1:30 p.m. at the Līhu‘e Civic Center, Mo’ikeha Building, Meeting Room 2A/2B.</p>	
Adjournment	<p>With no further business to conduct, Chair-elect Whitfield called for a motion to adjourn the meeting.</p>	<p>Ms. Yamashita moved to adjourn the meeting. Mr. Rodighiero seconded the motion. The motion carried 5:0.</p> <p>At 2:37 p.m. the meeting adjourned.</p>

Submitted by: _____
Mercedes Omo, Staff Support Clerk

Reviewed and Approved by: _____
James Whitfield, Chair-elect

- (x) Approved as circulated on March 13, 2017
- () Approved as amended. See minutes of _____ meeting.